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House of Representatives

The House met at 12:30 p.m. and was called to order by the Speaker pro tempore (Mr. YARMUTH).

DESIGNATION OF SPEAKER PRO TEMPORE

The SPEAKER pro tempore laid before the House the following communication from the Speaker:

WASHINGTON, DC,
May 4, 2010.

I hereby appoint the Honorable JOHN A. YARMUTH to act as Speaker pro tempore on this day.

NANCY PELOSI,
Speaker of the House of Representatives.

MORNING-HOUR DEBATE

The SPEAKER pro tempore. Pursuant to the order of the House of January 6, 2009, the Chair will now recognize Members from lists submitted by the majority and minority leaders for morning-hour debate.

The Chair will alternate recognition between the parties, with each party limited to 30 minutes and each Member, other than the majority and minority leaders and the minority whip, limited to 5 minutes.

THE NEED FOR FINANCIAL REFORM

The SPEAKER pro tempore. The Chair recognizes the gentleman from Virginia (Mr. CONNOLLY) for 5 minutes.

Mr. CONNOLLY of Virginia. Mr. Speaker, as the economy faced imminent collapse in 2008, the choice between allowing a complete meltdown of the financial sector and initiating taxpayer funded bailouts was at best a choice between the lesser of two evils. It was reflective of the fact that a complete and thorough lack of financial regulation by the previous administration and previous Congresses had allowed years of abuse and risky behavior by many financial institutions to subject the entire economy to unparalleled peril.

We know the system was broken. Consumers weren't protected. They lost trillions of dollars in their retirement funds, housing values declined to record lows, and bank lending dried up. Taxpayers weren't protected. They were forced to bail out the very companies that created the economic disaster. Even Wall Street wasn't protected, as the irresponsible and reckless actions of some institutions left the entire financial industry and the American economy in near collapse. When no one is protected, everybody is endangered.

We know the results: the worst recession since World War II; the highest unemployment since 1983, peaking in January 2009 with 740,000 jobs lost; a stock market that plummeted to less than half its peak value; housing foreclosures that increasingly cast families out of their homes; millions of Americans out of work, and a dramatically shrinking gross domestic product.

Fannie Mae and Freddie Mac, holders of more than two-thirds of all of the mortgages in this country, nearly collapsed and are now in government receivership. General Motors and Chrysler emerged from bankruptcy only with Federal taxpayers owning significant amounts of those companies as well. The financial sector was the epicenter of the recession. Between 2000 and 2007, 27 banks failed. Since then, 215 have failed.

The largest savings and loan failure in American history happened in July 2008 when IndyMac was seized. The largest bank failure in history happened just 2 months later when Washington Mutual, in existence for more than 100 years, collapsed, threatening its customers' $307 billion in assets. The largest insurance company failure in American history, AIG, also occurred in late 2008. Only the Troubled Asset Relief Program, initiated under President Bush, and its more than $170 billion taxpayer funded bailout kept AIG from actual collapse.

It is important to ensure that taxpayer funds are never again used to bail out private companies. We must have a procedure in place that not only ends the concept of too big to fail, but also prevents the financial abuses from endangering the economy in the first place.

The value of the derivatives market as of October 2008 stood at $668 trillion. I did not misspeak. The value of the derivatives bought and sold, completely unregulated, totaled more than 15 times the entire world's gross domestic product. Although this does not represent $668 trillion of real wealth, it does indicate hundreds of trillions of dollars worth of speculative investments, which remain void of any transparency today.

How can we allow the massive derivatives market to remain completely unregulated after what we have gone through? How can we allow the risky and abusive actions of certain financial institutions to endanger an entire economy? How can we allow American taxpayers to be faced with the untenable choice of risking further economic collapse or funding financial institutions' misdeeds? Big banks and other financial institutions cannot with one hand wave a finger in America's face decrying any perceived threat to their autonomy while simultaneously holding out the other hand to the American taxpayer asking for a bailout.

It is unconscionable to allow private risk to become public responsibility. That is why the House took action last December passing the Wall Street Reform and Consumer Protection Act. It is long past time for the Senate to join us and assure American taxpayers that never again will they be asked to bail out misbehaving financial institutions. We must not allow the near-criminal

□ This symbol represents the time of day during the House proceedings, e.g., □ 1407 is 2:07 p.m.

Matter set in this typeface indicates words inserted or appended, rather than spoken, by a Member of the House on the floor.